

ARTICLE 3. MODEL PLAN AMENDMENT

Rule 1. Adoption of IRS Model Amendment to Comply with the Unemployment Compensation Amendments of 1992

550 IAC 3-1-1 Definitions

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-2-14; IC 21-6.1

Sec. 1. (a) The definitions in this section apply throughout this article.

(b) "Board of trustees" means the board of trustees of the Indiana State Teachers' Retirement Fund.

(c) "Code" means the Internal Revenue Code of 1986, 26 U.S.C. 1 et seq., and all amendments related thereto.

(d) "Eligible rollover distribution" means any distribution of all or any taxable portion of the benefit to the credit of a member or a member's spouse, except that an eligible rollover distribution does not include the following:

(1) Any distribution that is one (1) of a series of substantially equal periodic payments, paid not less frequently than annually, made for the life or life expectancy of the member and the member's designated beneficiary.

(2) Any distribution that is one (1) of a series of substantially equal periodic payments for a specified period of ten (10) years or more.

(3) Any distribution to the extent such distribution is required under Section 401(a)(9) of the Code.

(4) The portion of any distribution that is not includable in gross income.

(e) "Fund" means the Indiana State Teachers' Retirement Fund.

(f) "IRS" means the Internal Revenue Service.

(g) "UCA" refers to the federal Unemployment Compensation Amendments of 1992, P.L.102-318, and all applicable regulations and amendments related thereto. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 3-1-1; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2033; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

550 IAC 3-1-2 Introduction

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-2-14; IC 21-6.1

Sec. 2. (a) The UCA was signed into law on July 3, 1992. The UCA expanded the permanent federal-state extended unemployment benefits program and extended the existing emergency unemployment insurance program. The sources of financing for the UCA benefit extensions include provisions affecting distributions from tax-qualified pension plans such as the fund. The provisions in this article apply to distributions made after December 31, 1992, and include the following:

(1) Changes in the rules applicable to rollovers from tax-qualified plans.

(2) A provision that requires such plans to give participants entitled to a distribution eligible for rollover treatment the option to have that amount paid directly in the form of a direct rollover to a qualified defined contribution plan, an individual retirement account or annuity, or a similar plan specified by the participant.

(3) Changes in the withholding taxes applicable to distributions from such plans.

(b) The fund does not accept rollover contributions from other retirement plans. However, the fund permits rollover contributions to be paid directly to other retirement plans under certain circumstances. Accordingly, the rules governing the fund need to be amended to conform to the direct rollover requirements under the UCA to allow such rollovers at the member's or member's spouse's election.

(c) 550 IAC 3-2 includes the model language set forth in Revenue Procedure 93-12, issued December 30, 1992, to amend the fund to comply with the requirements of Section 401(a)(31) of the Code. 550 IAC 3-2 reflects the model amendment drafted by the IRS. The board of trustees recognizes that some provisions included in the model amendment language are not applicable to a governmental plan as defined in Section 414(d) of the Code. As a result, those provisions that are not applicable to a governmental plan will not be applied by the board of trustees. (*Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 3-1-2; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2034; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731*)

550 IAC 3-1-3 Purpose

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-2-14; IC 21-6.1

Sec. 3. (a) The purpose of this rule is to comply with the UCA to the extent required by Section 401(a)(31) of the Code.

(b) A member of the fund may elect, at the time and in the manner prescribed by the board of trustees, to have all or a portion of an eligible rollover distribution paid directly to another eligible retirement plan as specified by the member.

(c) A surviving spouse who is entitled to receive an eligible rollover distribution may elect, at the time and in the manner prescribed by the board of trustees, to have all or a portion of an eligible rollover distribution paid directly to an individual retirement account or annuity as specified by the spouse. *(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 3-1-3; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2034; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

Rule 2. Model Amendment Language

550 IAC 3-2-1 Model amendment language

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-2-14; IC 21-6.1

Sec. 1. This rule applies to distributions made on or after January 1, 1993. Notwithstanding any provision of the plan to the contrary that would otherwise limit a distributee's election under this rule, a distributee may elect, at the time and in the manner prescribed by the plan administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. *(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 3-2-1; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2034; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)*

550 IAC 3-2-2 Definitions

Authority: IC 21-6.1-3-6

Affected: IC 5-10.2-2-14; IC 21-6.1

Sec. 2. (a) The definitions in this section apply throughout this rule.

(b) "Direct rollover" means a payment by the plan to the eligible retirement plan specified by the distributee.

(c) "Distributee" includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

(d) "Eligible retirement plan" means:

- (1) an individual retirement account described in Section 408(a) of the Code;
- (2) an individual retirement annuity described in Section 408(b) of the Code;
- (3) an annuity plan described in Section 403(a) of the Code; or
- (4) a qualified trust described in Section 401(a) of the Code;

that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

(e) "Eligible rollover distribution" means any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include the following:

- (1) Any distribution that is one (1) of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more.
- (2) Any distribution to the extent such distribution is required under Section 401(a)(9) of the Code.
- (3) The portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

(Board of Trustees of the Indiana State Teachers' Retirement Fund; 550 IAC 3-2-2; filed Mar 21, 1995, 2:00 p.m.: 18 IR 2034; readopted and extended filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731)

MODEL PLAN AMENDMENT

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